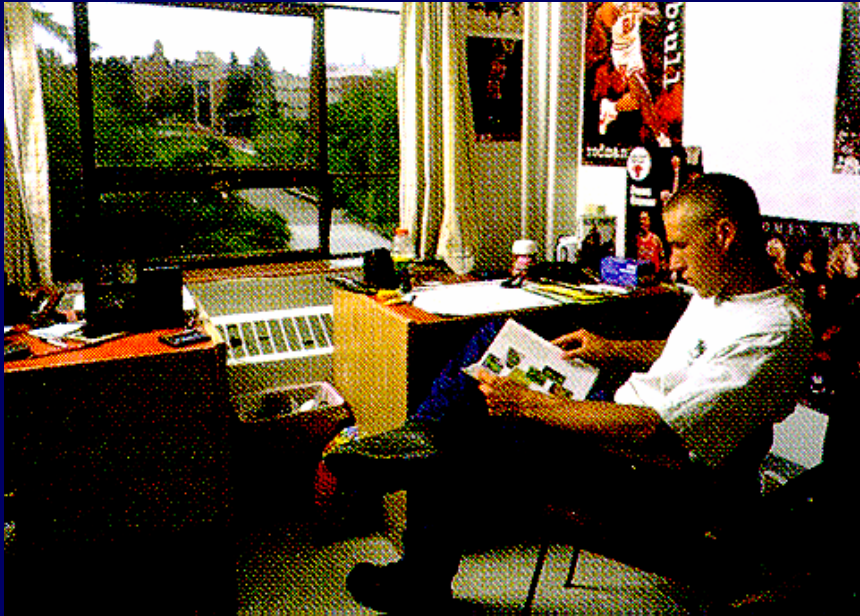
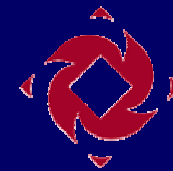


NACAS / ACUHO HOUSING SYMPOSIUM III



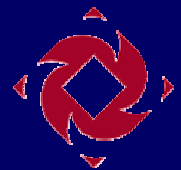
Market Analysis and Financial Pro Formas



Brailsford & Dunlavey

Presentation Outline

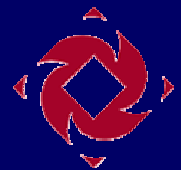
- Today's Presenters
- About Brailsford & Dunlavey
- Topics Overview
- Market Analysis
- Financial Analysis
- Summary



Today's Presenters

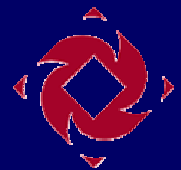
- Jeffrey Turner
 - Senior Associate / Project Manager
 - Background in Real Estate Finance
 - Experience at Indiana University, SDSU, ISU, SUNY-Potsdam, DePaul University, U of Idaho, U of Toledo

- Heidi Kaplan
 - Analyst / Urban Planning Background
 - Experience at UNC-Chapel Hill, UAF, U of Idaho, SUNY-Binghamton, SUNY-Potsdam, CSUMB



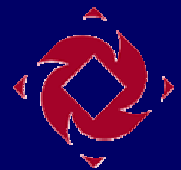
About Brailsford & Dunlavey

- *Focus* - Quality of Life Facilities
- *Staff* - Integration of Disciplines
- *Breadth* - Planning -- Project Management
- *Experience* - Over 30 Housing Assignments

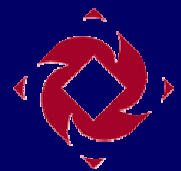
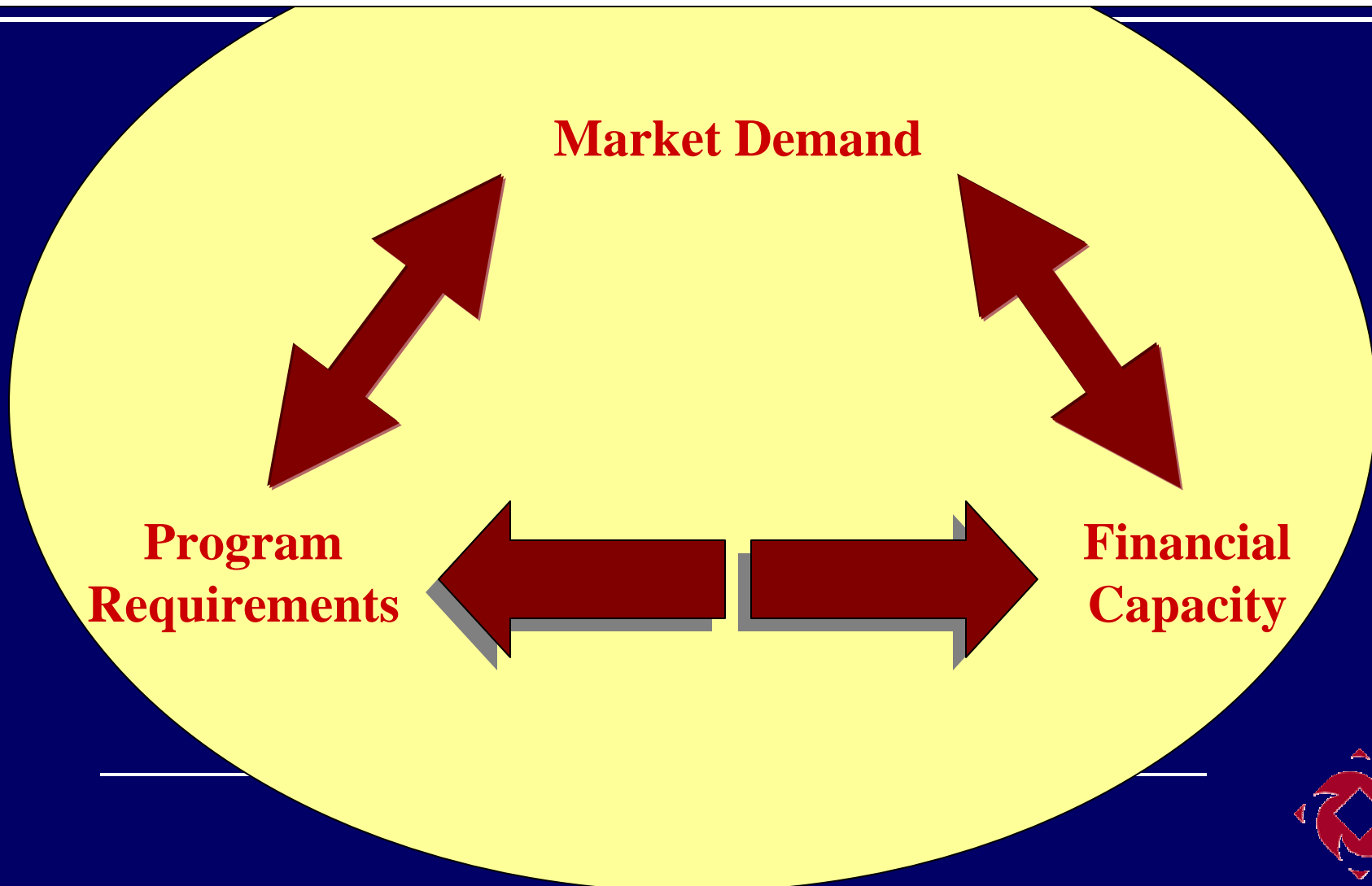


Topic Overview

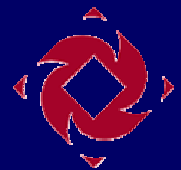
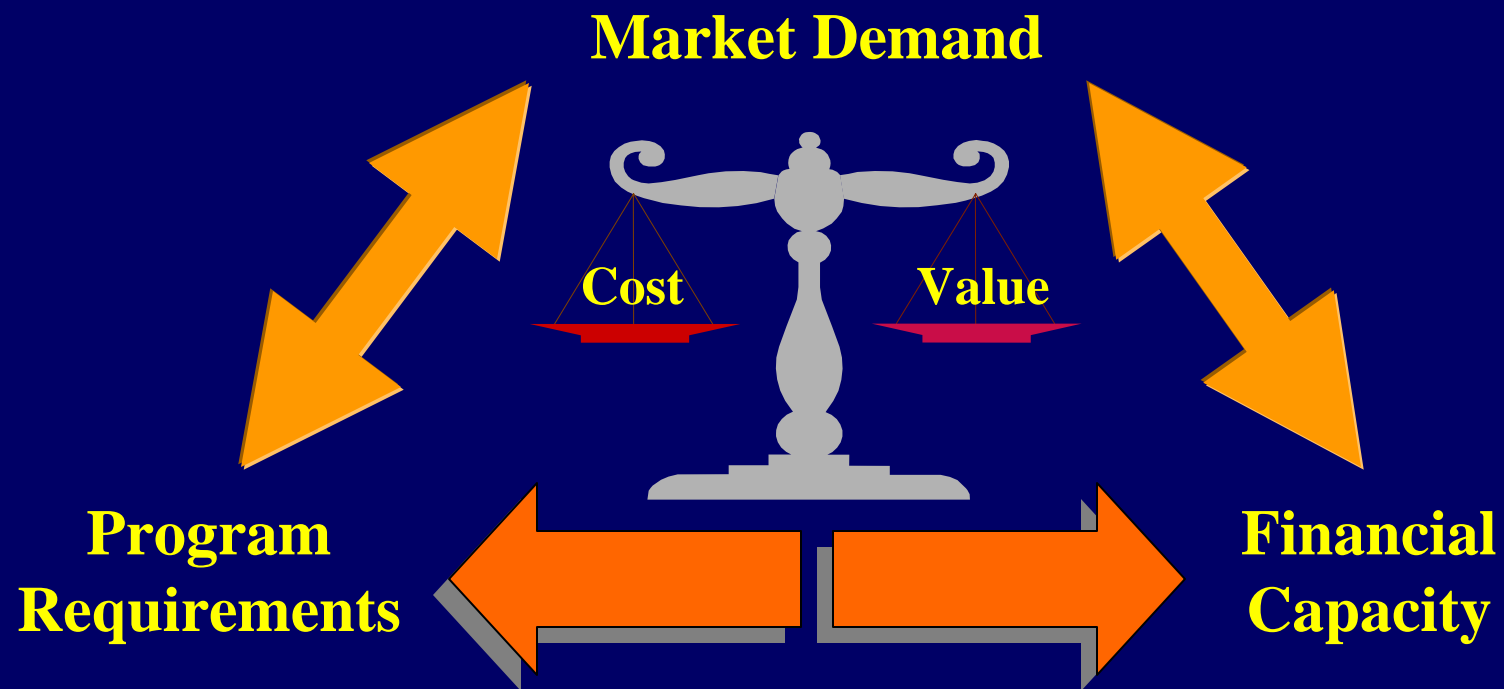
Market & Financial Relationships



University Strategic Objectives

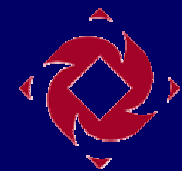


Project Becomes Feasible When Value Exceeds Cost!



	New University Apts	Off-Campus
Unit	2 BR for 4	2 BR for 4
Cost/Person	\$6,800/yr	\$400/month
<u>Additional Cost</u>	<u>\$0</u>	<u>\$100/month</u>
Total	\$755/month	\$500/month

On-Campus Premium - Over 50%



Topic Overview

Overall Trends in Student Housing

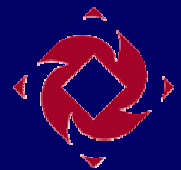
1 More Students (and Their Parents) Want to Live On-campus

– Impacted by Learning Centers & Academic Spaces

2 Students are More Consumer Oriented

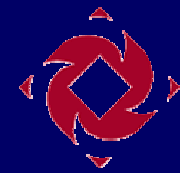
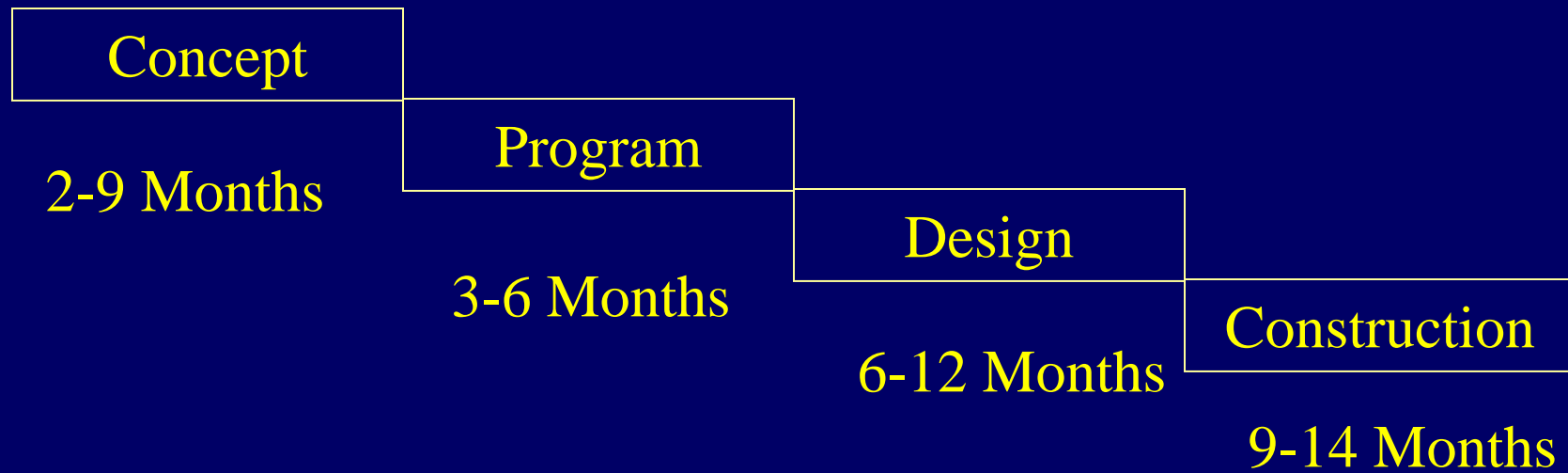
- Want More Choices & Variety

3 More Students are Working & Need Cars



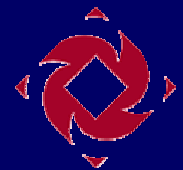
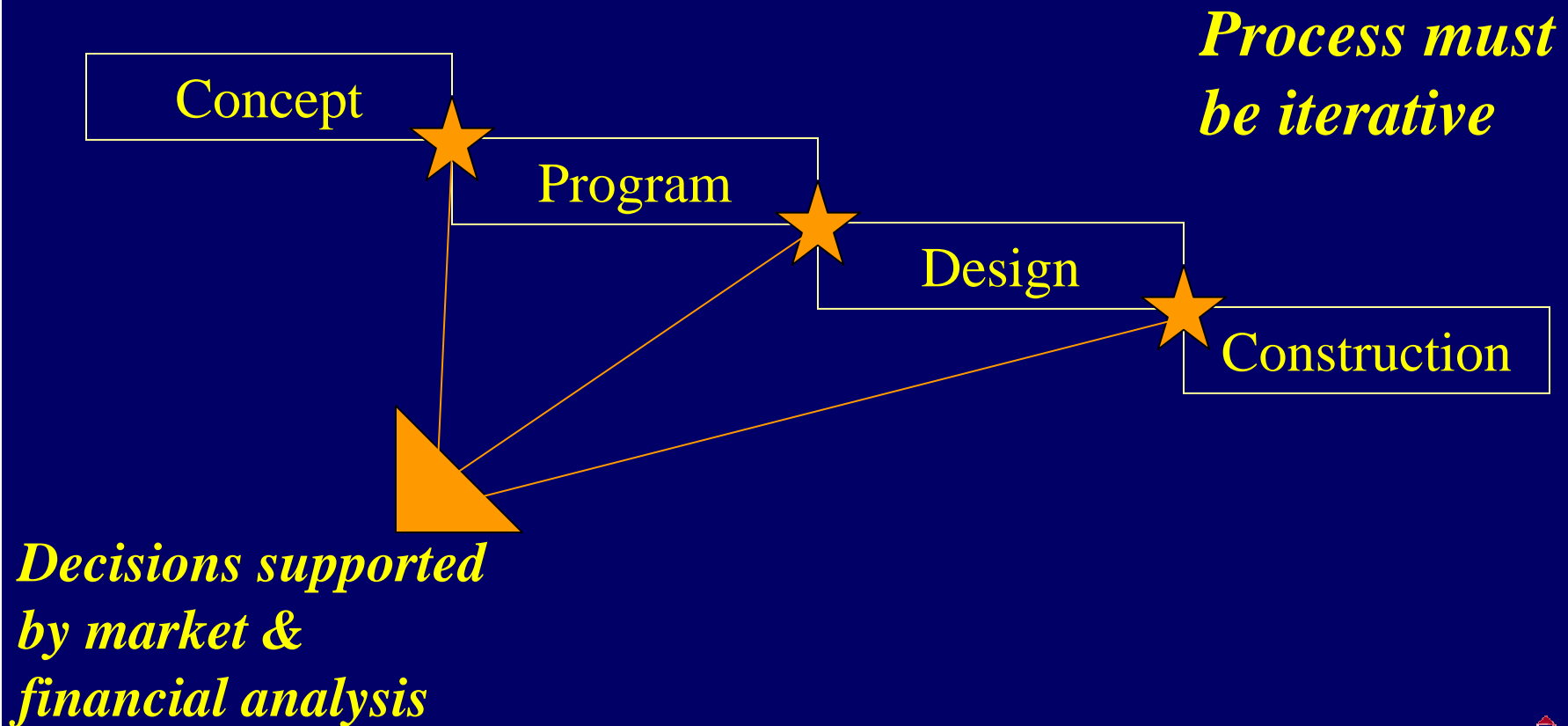
Topic Overview

Project Development Process



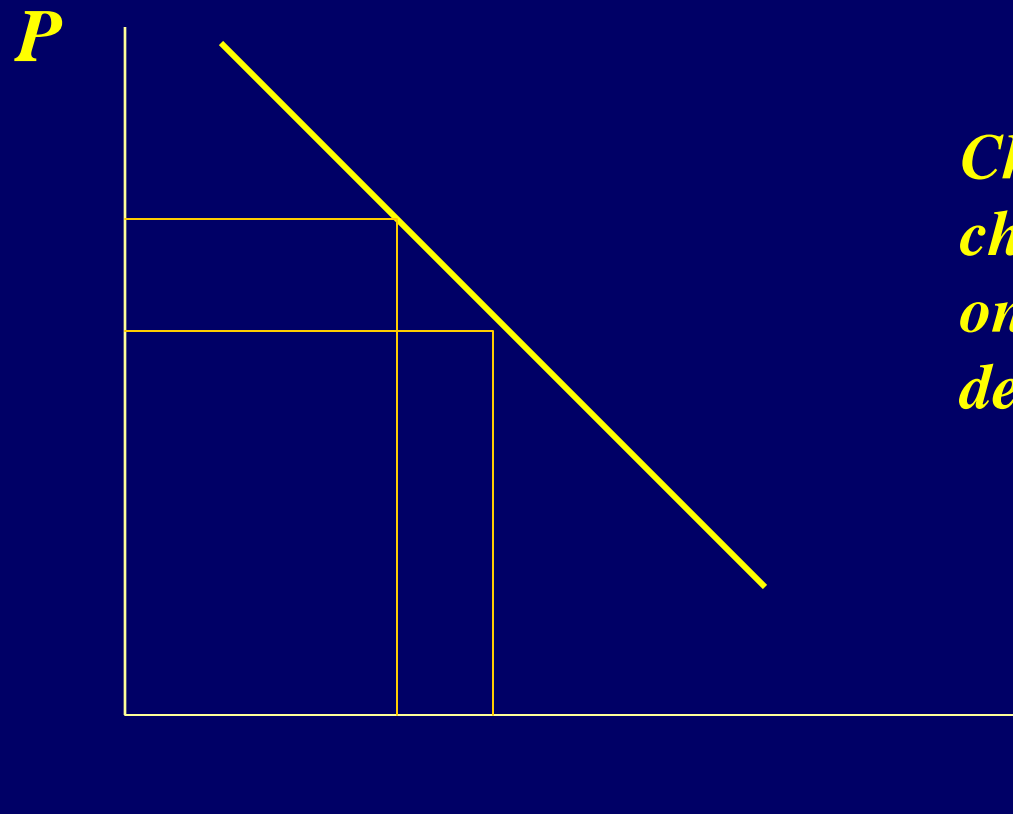
Topic Overview

Project Development Process

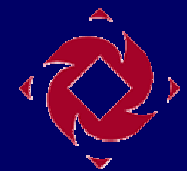


Topic Overview

About Market Demand

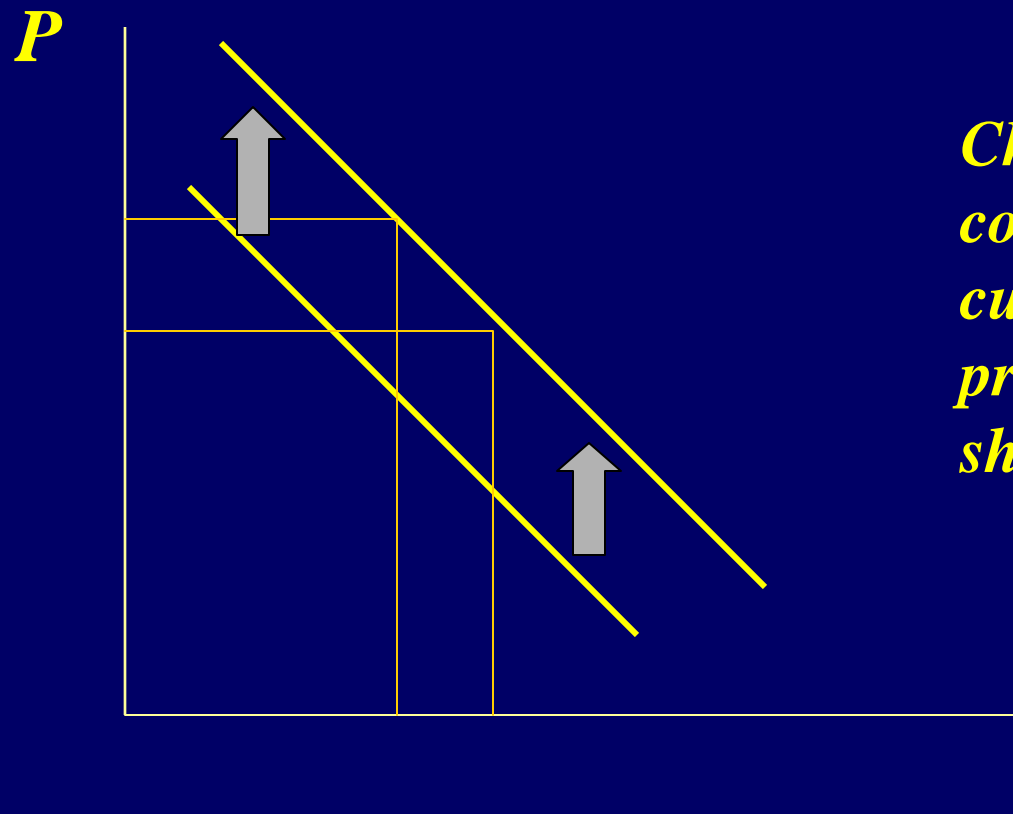


Changes in price do not change demand curve, only the quantity demanded.

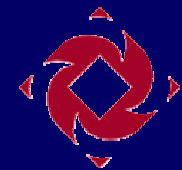


Topic Overview

About Market Demand



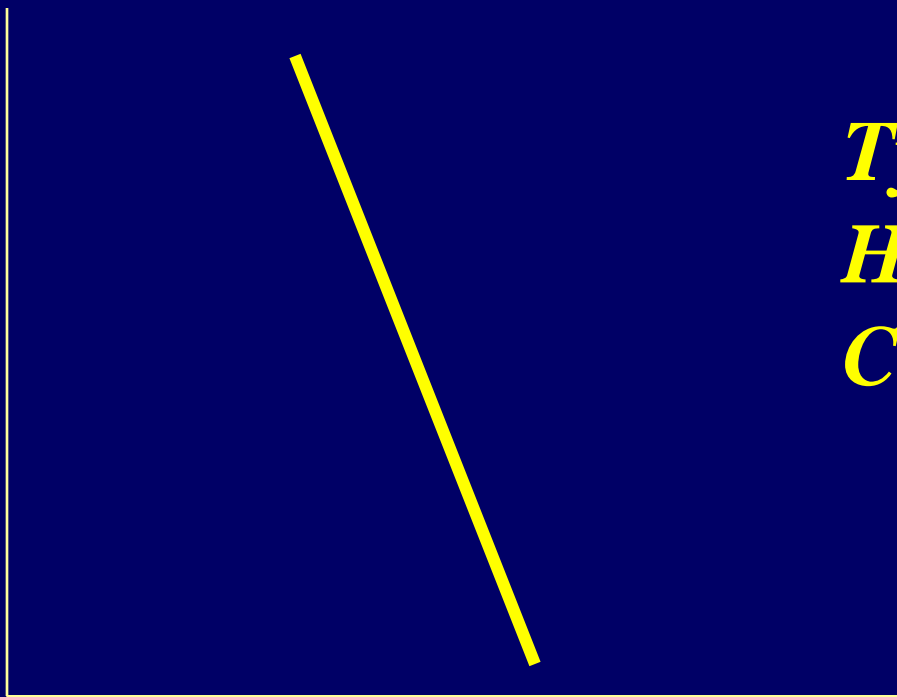
Changes in population, consumer tastes, popular culture, alternative products and the economy shift demand.



Topic Overview

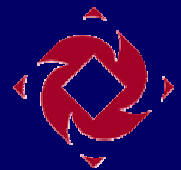
About Market Demand

P



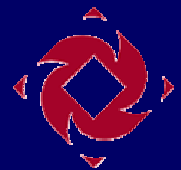
*Typical Freshman
Housing Demand
Curve*

Q



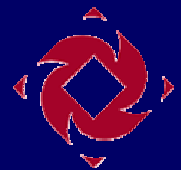


Market Analysis



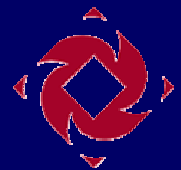
Market Analysis Techniques

- Demographic Analysis
- Focus Groups
- Intercept Interviews
- Off-Campus Market Analysis
- Student Survey

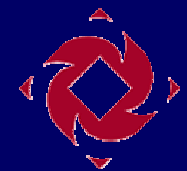
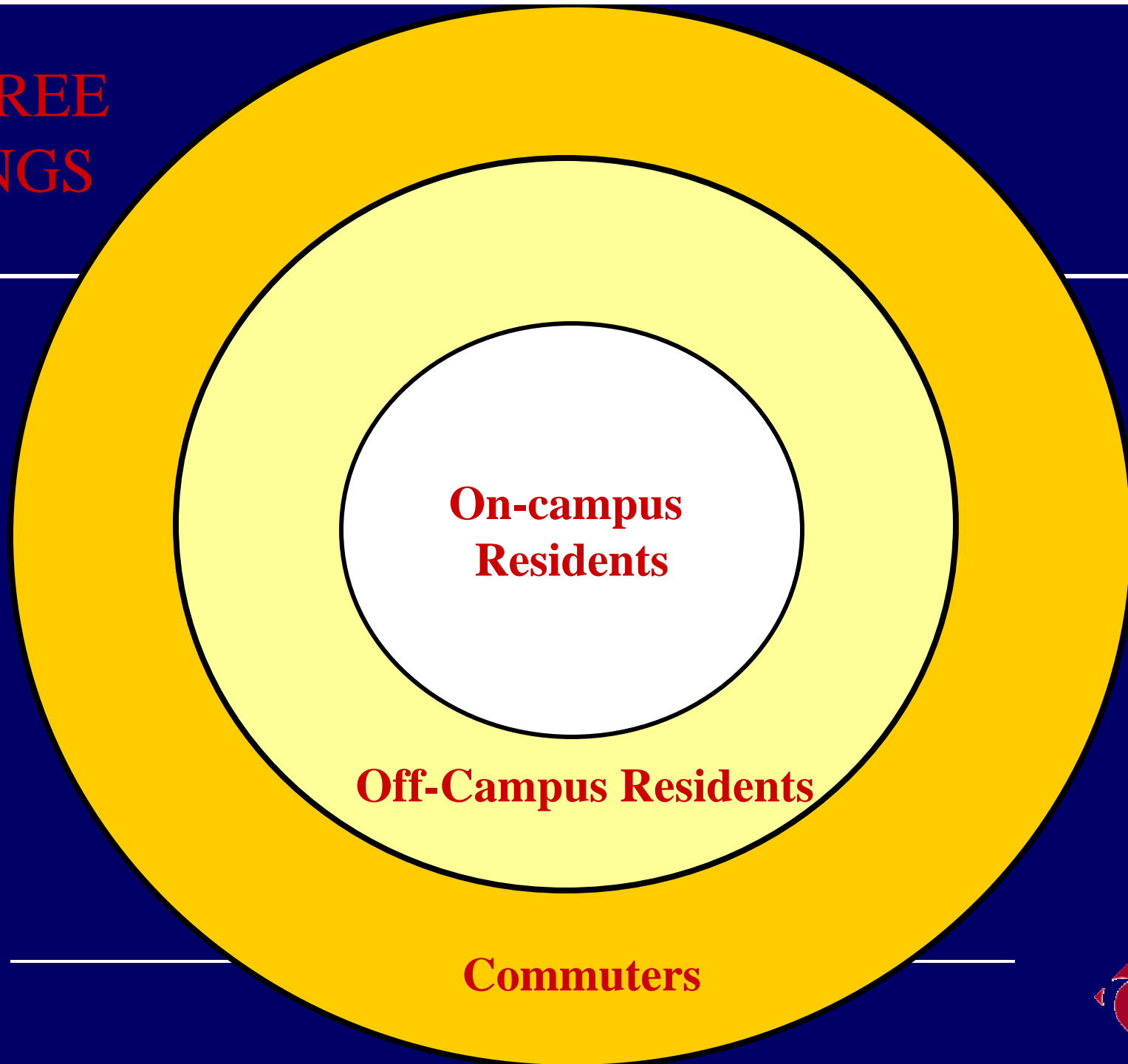


Demographic Analysis

- Utilize Your Institutional Resources
 - Home & Local Zip
 - Single/Married/Family
- Breakdown of On-Campus by Academic Yr
 - “Target Market” Analysis
- Dismissing the “Commuter School” Image

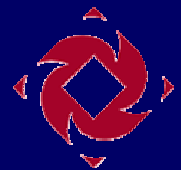


**THREE
RINGS**



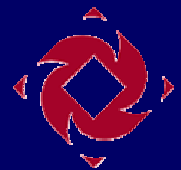
Focus Groups/Intercept Interviews

- Qualitatively Understand Student Needs
- Set up Groups with Off-campus, Faculty/Staff, Parents, HS Students
- Break out Sessions into Different Demographic Groups
- Ask Questions Regarding: Rent Sensitivity, Amenities, Locational Preferences
- Hand out Campus Map



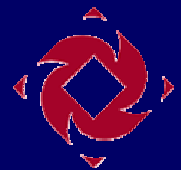
Off-campus Housing

- Interview Brokers & Landlords
- Tour Relevant Properties
- Understand Unit Layout/Configuration Preferences
 - Are Students “Doubling Up?”
- Understand Lease Terms, Subletting issues, other amenities
- Compare All Cost to On-Campus

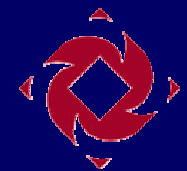


Student Survey

- Survey Both on and off campus (Internet?)
 - Ask Specific Demographic Questions
 - Understand Rental Market Cost
 - Analyze Premium for Living on-campus
 - Understand Unit Layout/Configuration Preferences
 - Market Timing is Important
-

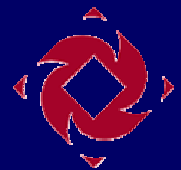


Financial Analysis



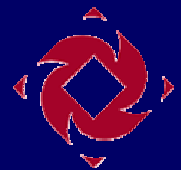
Financial Analysis

- Project Risk
- Understanding Debt Capacity
- Quick & Dirty Financial Analysis



Project Risk

- Construction Cost Risk
- Financing Risk
- Operating Cost Risk
- Product/Revenue Risk

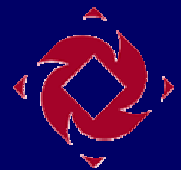


Project Risk

- Construction Cost Risk
- Financing Risk
- Operating Cost Risk
- Product/Revenue Risk



Short - Term
Risk

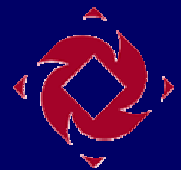


Project Risk

- Construction Cost Risk
- Financing Risk
- Operating Cost Risk
- Product/Revenue Risk

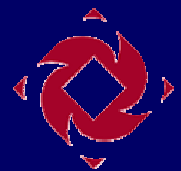


Long - Term
Risk



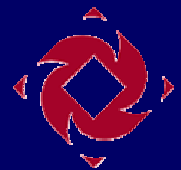
Understanding Debt Capacity

- Key Terms: Interest Rate, Term, Debt Coverage Ratio, Debt Constant
- Debt Capacity Rises When:
 - Interest Rate ↓
 - Term ↑
 - Debt Coverage Ratio ↓
- Important to Understand the Relationships

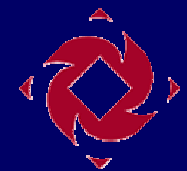
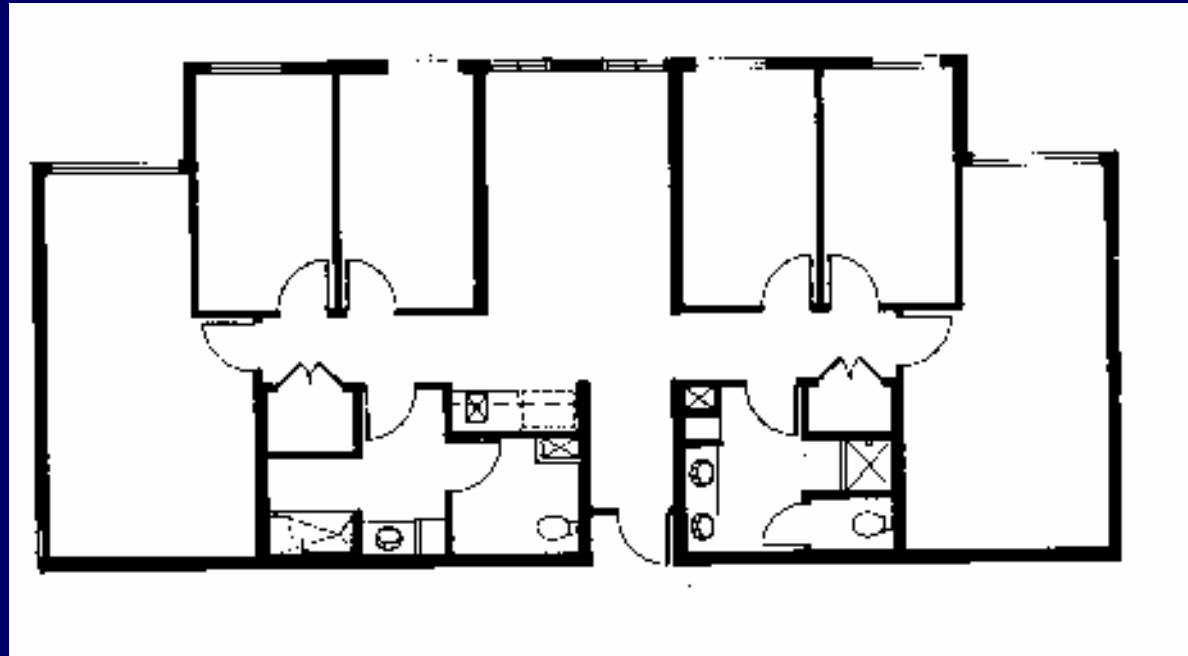


Financial Analysis - Making it Pencil

- Is there any existing reserve account?
- Can you generate net new beds to system?
- Can you charge a premium after completion?
- Can you generate conference income or 12 month leases?
- Will there be any operating cost savings?

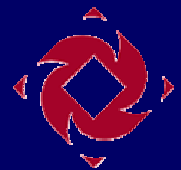


Summary



Summary

- Projects Become Feasible When Value Exceeds Cost
- Focus on Variety, Flexibility, and Ties to the Academic Program
- Renovations are Difficult Financially
 - Must Focus on Net New Beds on-campus



Treating On-campus Students as Preferred Customers

- Using the “Airline Model” - Freq. Flyer Program
- Shift from Traditional Preference by Seniority
- Offering On-campus Students Additional Amenities
 - Preferred Registration
 - Preferred Parking / Dedicated Spots
 - Discount at Campus Retail Stores

